

## Federal Housing Finance Board

## § 925.22

year of the transfer and shall not be subject to the provisions on termination of membership set forth in section 6 of the Act (12 U.S.C. 1426) or §§ 925.26 and 925.27, nor the restriction on reacquiring Bank membership set forth in § 925.30.

[61 FR 42545, Aug. 16, 1996, as amended at 63 FR 65692, Nov. 30, 1998; 65 FR 8261, Feb. 18, 2000; 65 FR 13870, Mar. 15, 2000; 67 FR 12849, Mar. 20, 2002; 70 FR 9510, Feb. 28, 2005]

### Subpart D—Stock Requirements

SOURCE: 58 FR 43542, Aug. 17, 1993, unless otherwise noted. Redesignated at 61 FR 42542, Aug. 16, 1996.

#### § 925.19 Par value and price of stock.

The capital stock of each Bank shall be sold at par, unless the Board has fixed a higher price.

#### § 925.20 Stock purchase.

(a) *Minimum stock purchase.* Each member shall purchase stock in the Bank in which it is a member in an amount equal to the greater of:

- (1) \$500;
- (2) 1 percent of the member's aggregate unpaid loan principal; or
- (3) 5 percent of the member's aggregate amount of outstanding advances.

(b) *Timing of minimum stock purchase.*  
(1) Within 60 calendar days after an institution is approved for membership in a Bank pursuant to § 925.3 of this part, or an institution is automatically approved for membership pursuant to § 925.4(c) of this part, the institution shall purchase its minimum stock requirement as set forth in paragraph (a) of this section.

(2) At the election of an institution approved for membership, including those automatically approved under § 925.4(c) of this part, the institution may purchase its minimum stock requirement in installments, provided that not less than one-fourth of the total amount shall be purchased within 60 calendar days of the date of approval of membership, and that a further sum of not less than one-fourth of such total shall be purchased at the end of each succeeding period of four months from the date of approval of membership.

(c) *Commencement of membership.* An institution that has been approved for membership shall become a member at the time it purchases its minimum stock requirement or the first installment thereof pursuant to this section.

(d) *Failure to purchase minimum stock requirement.* If an institution that has submitted an application and been approved for membership fails to purchase its minimum stock requirement or its first installment within 60 calendar days of the date of its approval for membership, such approval shall be null and void and the institution, if it wants to be a member, shall be required to submit a new application for membership.

(e) *Reports.* The Bank shall make reports to the Finance Board setting forth purchases by institutions approved for membership of their minimum stock requirement pursuant to this section in accordance with the instructions provided in the Data Reporting Manual issued by the Finance Board, as amended from time to time.

[58 FR 43542, Aug. 17, 1993; 58 FR 47181, Sept. 7, 1993. Redesignated and amended at 61 FR 42542, 42549, Aug. 16, 1996; 63 FR 40024, July 27, 1998; 63 FR 65692, Nov. 30, 1998; 65 FR 8261, Feb. 18, 2000; 65 FR 13870, Mar. 15, 2000; 71 FR 35500, June 21, 2006]

#### § 925.21 Issuance and form of stock.

(a) A Bank shall issue to each new member, as of the effective date of membership, stock in the member's name for the amount of stock purchased and paid for in full.

(b) If the member purchases stock in installments, the stock shall be issued in installments with the appropriate number of shares issued after each payment is made.

(c) Stock may be issued in certificated or uncertificated form at the discretion of the Bank.

(d) A Bank may convert all outstanding certificated stock to uncertificated form at its discretion.

#### § 925.22 Adjustments in stock holdings.

(a) *Adjustment in general.* A Bank may from time to time increase or decrease the amount of stock any member is required to hold.

(b)(1) *Annual adjustment.* A Bank shall calculate annually, in the manner

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set forth in § 925.20(a) of this part, each member's required minimum holdings of stock in the Bank in which it is a member using calendar year-end financial data provided by the member to the Bank, pursuant to § 925.31(d) of this part, and shall notify each member of the adjustment. The notice shall clearly state that the Bank's calculation of each member's minimum stock holdings is to be used to determine the number of votes that the member may cast in that year's election of directors and shall identify the state within the district in which the member will vote. A member that does not agree with the Bank's calculation of the minimum stock requirement or with the identification of its voting state may request the Finance Board to review the Bank's determination. The Finance Board shall promptly determine the member's minimum required holdings and its proper voting state, which determination shall be final.

(2) *Redemption of excess shares.* If, after the annual adjustment required by paragraph (b)(1) of this section is made, the amount of stock that a member is required to hold is decreased, the Bank may, in its discretion and upon proper application of the member, retire such excess stock, and the Bank shall pay for each share upon surrender of the stock an amount equal to the par value thereof (except that if at any time the Finance Board finds that the paid-in capital of a Bank is or is likely to be impaired as a result of losses in or depreciation of the assets held, the Bank shall on the order of the Finance Board withhold from the amount to be paid in retirement of the stock a *pro rata* share of the amount of such impairment as determined by the Finance Board) or, at its election, the Bank may credit any part of such payment against the member's debt to the Bank.

(c) A member's stock holdings shall not be reduced under this section to an amount less than required by sections

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6(b), 10(c) and 10(e) of the Act (12 U.S.C. 1426(b), 1430(c), 1430(e)).

[58 FR 43542, Aug. 17, 1993, as amended at 58 FR 50837, Sept. 29, 1993; 58 FR 53023, Oct. 13, 1993; 58 FR 58231, Oct. 29, 1993. Redesignated and amended at 61 FR 42542, 42549, Aug. 16, 1996; 63 FR 65692, Nov. 30, 1998; 65 FR 8261, Feb. 18, 2000; 67 FR 12849, Mar. 20, 2002; 70 FR 9510, Feb. 28, 2005]

### § 925.23 Excess stock.

(a) *Sale of excess stock.* Subject to the restriction in paragraph (b) of this section, a member may purchase excess stock as long as the purchase is approved by the member's Bank and is permitted by the laws under which the member operates.

(b) *Restriction.* Any Bank with excess stock greater than 1 percent of its total assets shall not declare or pay any dividends in the form of additional shares of Bank stock or otherwise issue any excess stock. A Bank shall not issue excess stock, as a dividend or otherwise, if after the issuance, the outstanding excess stock at the Bank would be greater than 1 percent of its total assets.

[71 FR 78051, Dec. 28, 2006]

## Subpart E—Consolidations Involving Members

SOURCE: 58 FR 43542, Aug. 17, 1993, unless otherwise noted. Redesignated at 61 FR 42542, Aug. 16, 1996.

### § 925.24 Consolidations involving members.

(a) *Consolidation of members.* Upon the consolidation of two or more institutions that are members of the same Bank into one institution operating under the charter of one of the consolidating institutions, the membership of the surviving institution shall continue and the membership of each disappearing institution shall terminate on the cancellation of its charter. Upon the consolidation of two or more institutions, at least two of which are members of different Banks, into one institution operating under the charter of one of the consolidating institutions, the membership of the surviving institution shall continue and the membership of each disappearing institution shall terminate upon cancellation of